

**UNITED STATES DEPARTMENT OF AGRICULTURE**

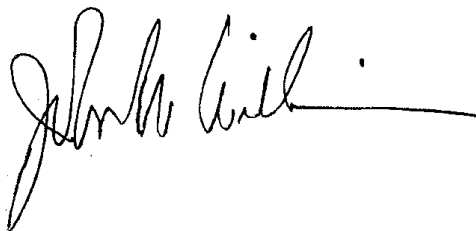
Farm Service Agency  
Washington, DC 20250

**Notice FI-2395**

**For:** All CO Employees, Except AL, GA, and TN

**Transfer of CO Employee Personnel and Payroll Functions to NFC**

**Approved by:** Acting Deputy Administrator, Management



**1 Overview**

**A**

**Background**

FSA management agreed to transfer the personnel and payroll functions for CO employees to systems operated by NFC to comply with recommendations from OIG. OIG cited FSA for maintaining a redundant system with NFC that contributed to additional costs being borne by the Department to operate and maintain duplicate personnel and payroll systems.

**B**

**Purpose**

This notice:

- informs affected CO employees of the function transfer
- provides a description of the impacts and changes resulting from the transfer to the NFC systems.

**C**

**Contact**

If there are questions about this notice, contact Debbie Barker at 703-305-1309 or David Nichols at 703-305-1300.

**Disposal Date**

January 1, 2000

**Distribution**

State Offices, except AL, GA, and TN; State  
Offices relay to applicable CO Employees

## 2 Transfer to New Personnel and Payroll System

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### A

#### Introduction

Effective with the pay period (PP) ending October 9, 1999, the payroll process for CO employees and COC members will be converting from the current COE system to systems operated by NFC.

NFC services almost a half million employees in over 120 agencies and is recognized as an experienced and successful service provider in the Government. NFC already supports the Thrift Savings Plan (TSP) and the GS County Office employees' salary process.

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### B

#### What This Transfer Means to the Employee

This function transfer will:

- permit more accurate tracking of time and attendance records
- allow for more timely adjustments to pay statements
- provide better and more information about pay and benefits.

**Example:** Each employee will receive an annual "Personal Benefits Statement" with information such as the value of accrued leave, retirement annuity projections, and insurance.

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### C

#### Changes in Salary Payment

The following contains some of the key changes in salary payment when the transfer of function is implemented.

- The last COE salary payment will be for the September 26 through October 9, 1999, PP, with an October 12 pay day. Future NFC-generated salary payments will be electronically deposited on November 1, with paper checks being available by November 4. Rather than being paid on the **first Tuesday** following the end of the PP, employees will be paid by 1 of the following.
    - Electronic Fund Transfer (EFT) on the **second Monday** following the end of the PP.
    - Paper check on the **second Thursday** following the end of the PP.
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## 2 Transfer to New Personnel and Payroll System (Continued)

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### C

#### Changes in Salary Payment (Continued)

- FERS and CSRS-offset employees earning more than \$72,600, and who have or will reach this year's Social Security withholding cap, can expect withholding to restart or continue for the rest of this calendar year, effective with the November 1 salary payment. NFC's systems will regard each employee, upon conversion, as a new employee, so all contributions before the conversion will not be carried forward. Excess Social Security withholdings are recoverable in employees' 1999 IRS tax filings.
  - All current savings bond account balances will be paid out or refunded to the employee. Effective with PP 21, all bond accounts will begin with a zero balance and deductions will begin anew.
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### D

#### Changes in Pay Statement

The following are some of the key changes in pay statements when the transfer of function is implemented.

- The Earnings Statement and Leave Record format will change. A copy of the new format is shown in Exhibit 1. Employees will receive their AD-334 during the same week their salary payment is made. AD-334 will be mailed from NFC directly to the employee's home address.

**Example:** When EFT salary payments are deposited on November 1, 1999, employees should receive their AD-334 by November 5, 1999.

- AD-334 will reflect only the totals for pay status hours, salary, and deductions from salary beginning with PP 21. For leave, the year-to-date leave accruals and usage, and current leave balance as of PP 21 will be shown.

**Note:** Keep the last COE-produced Earnings Statement and Leave Record as a reference for amounts of pay status hours, salary, and deductions from salary before PP 21.

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### 3 CO Employee Action

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#### A

##### Preparing for Transfer of Functions

CO employees shall do the following to prepare for the transfer of the payroll and personnel functions to NFC.

- Since the pay day in the NFC process is the **second Monday** instead of the **first Tuesday** following the end of the PP, CO employees should plan their finances to ensure that this 1-time delay in being paid does not have any negative impact.
- Savings bond deductions that are insufficient to purchase a savings bond by October 9, 1999, will be refunded to the employee. Deductions will begin anew with a zero balance when NFC starts processing payroll.

**Note:** NFC systems do not issue “Series E” savings bonds for less than \$100 face value.

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#### B

##### Actions After the Transfer Occurs

CO employees shall do the following after the transfer of the personnel and payroll functions to NFC has been implemented.

- If an employee receives their salary payment by EFT, it will be deposited in their identified bank account as of November 1, 1999, for PP 21. CO employees should wait until the morning of November 2 to contact the bank to verify the salary deposit. Many banks do not record EFT deposits until the close of their business day. CO employees should verify that salary payments are deposited to their bank accounts before writing checks against the deposited amount. The Government cannot be responsible for any bank charges imposed because of returned checks caused by a late EFT deposit.
  - There will be some slight differences in the net balance of salary payments received by CO employees. These differences are mostly caused by changes in the amount of taxes withheld. NFC uses a formula to calculate the withholding while COE used IRS Circular E.
  - When AD-334 is received, CO employees should review and ensure that all the information is correct. If any information is not correct or if there are any questions, the CO employee should first contact the local administrative clerk and then the State Office’s Administrative Officer.
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**3 CO Employee Action (Continued)**

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**C**

**Review**

**Summary of  
Changes**

A summary of changes resulting from transferring the personnel and payroll functions from the COE system to NFC's systems is shown in Exhibit 2. CO employees shall review the changes and first contact their local administrative clerk and then the State Office's Administrative Officer if there are any questions.

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## AD-334, Statement of Earnings and Leave

FARM SERVICE AGENCY COUNTY OFFICE															36853 0994		FORM AD-334							
SOCIAL SECURITY NO.		MO	DA	YR	MO	DA	YR	P/P	T&A CONTACT POINT			SECT. STAT.	ORGANIZATIONAL STRUCTURE	PERSONAL OFFICE	PAY PLAN	GR.	STEP	USDA (REV. 10/97)						
123	45	6789	04	11	99	04	24	99	08	CE	01	0840	01	01	0010	CE	04	01	0123	9901	CO	11	05	
SALARY		RATE		TYPE		SCD FOR		RET. DEDUCTIONS												STATEMENT OF EARNINGS AND LEAVE				
45	287	00	PA	F/T	01	15	89		36	46														
EARNINGS AND DEDUCTIONS																								
CODE		ITEM DESCRIPTION						HOURS		AMOUNT														
								P/P	YR. TO DATE	P/P	YR TO DATE													
01		REGULAR TIME						76	00	153	00	1	649	20	3	320	10							
61		ANNUAL LEAVE						4	00	4	00	88	80	88	80									
62		SICK LEAVE								3	00					65	10							
***** PAY PERIOD HOURS & GROSS PAY *****								80	00			1	736	00	3	472	00							
7502		RETIREMENT										18	23	36	46									
7515		THRIFT SAV-FERS TAX DEF										173	60	347	20									
		*AMT BASED ON 1736.00																						
		100% C																						
76		SOCIAL SECURITY (OASDI)										107	63	215	26									
77		FEDERAL TAX EXEMPTS S00										285	68	571	36									
		EXTRA FEDERAL TAX										10	00	20	00									
78		ST TAX AL EXEMPTS 000										58	45	118	90									
81		FEGLI- COVERAGE \$48000										7	44	14	88									
82		DPT FEGLI-AGE BRACKET 5										2	30	4	60									
83		FEHBA - ENROLL COD 105										62	32	124	64									
84		SAVINGS BONDS										125	00	250	00									
87		UNION/ASSOCIATION DUES 33 0201										2	00	4	00									
97		MEDICARE TAX WITHHELD										25	17	50	34									
***** TOTAL DEDUCTIONS *****												877	82	1	755	64								
***** NET PAY *****												858	18	1	716	36								
DD/EFT ROUTING NO. 062205807																								
BOND ACCOUNT							YEAR TO DATE LEAVE STATUS							PT. HRS UNAPP		MAX. C/O								
AUTH NO	DENOMINATION	DEDUCTION	BALANCE AVAIL.	NO. ISSUED	ISSUE DATE	TYPE	ACCRUED	USED	BALANCE	PROJECTED USE OR LOSE														
1	EE	500	125.00	1	04.99	ANN	48.00	5.50	188.00	60.00			24000											
						SICK	32.00	291.00	253.00				LEAVE CATEG											
						COMP							6											
CHANGE IN FEGLI AGE BRACKET															REMARKS									
NAME AND ADDRESS																								

OFFICIAL PAY DATE 05/06/1999

T-0003 00022 CE 9901  
 DUDLEY BARKALOT  
 123 TREE LANE  
 DADEVILLE, AL 36853-0994

### Changes Resulting From Function Transfer to NFC System

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The following table is a summary of changes resulting from transferring the personnel and payroll functions from the COE system to NFC's systems.

Function	Description
<b>Paydays</b>	<p>NFC's official payday is the second Thursday following the end of the PP. The first payday under NFC will be November 4, 1999. Employees who have elected direct deposit will normally have their funds available on the Monday before the official Thursday payday. When a holiday falls on Monday, funds will normally be available the following day (Tuesday).</p> <p><b>Note:</b> Those employees who still receive paper checks will receive their payment by the second Thursday, but are encouraged to convert to direct deposit.</p>
<b>Wage and Tax Statements</b>	<p>For calendar year 1999, employees will receive two W-2's. The first W-2 will be issued by FSA for the period of January 1, 1999, through October 9, 1999. The second W-2 will be issued by NFC for the remainder of the year.</p>
<b>Allotments</b>	<p>NFC will allow elections of up to 9 separate savings bond allotments and can accommodate 2 voluntary payroll allotments.</p> <p><b>Note:</b> Employees can expect to receive savings bonds at their residence address approximately 3 weeks after the payday for the PP.</p>
<b>Personal Benefit Statement</b>	<p>A statement listing the employee's total Federal benefit package; including the value of accrued leave, health benefits, life insurance, and retirement projections; will be mailed annually, during the March through April timeframe, to the employee's residence.</p>
<b>AD-334</b>	<p>AD-334 will be mailed biweekly to the employee's residence address. It will provide cumulative, year-to-date information for all earnings and deductions. Leave earnings, deductions, and balances appear on AD-334. Employees are responsible for reviewing the accuracy of their AD-334 <b>every</b> PP. An example of AD-334 is shown in Exhibit 1.</p> <p><b>Note:</b> After December 1, 1999, employees may view an on line version of their AD-334 using NFC's personal page at <b><a href="http://www.nfc.usda.gov/personal">www.nfc.usda.gov/personal</a></b>. The first time employees sign on they must request a PIN. NFC will mail the PIN to the employee's residence address.</p>